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December 17, 1949

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~~DISCUSSION OF LONG-TERM ECONOMIC DEVELOPMENT IN THE MIDDLE~~
EAST BASED ON PAPERS SUBMITTED BY FOREIGN OFFICE REPRESENTATIVE

1. Mr. Riley said that he had carefully read the Interim Report of the Middle East (Official) Committee on Economic and Social Development and found himself in general agreement with the policy outlined therein. This policy was consonant with President Truman's Point Four Statement and also with the statement which he issued at the time of the establishment of the Economic Survey Mission. The Interim Report of the Economic Survey Mission did not cover Egypt and Iraq but with this difference the two reports fitted in well together. Any differences in the United States' thinking were mainly matters of emphasis, e.g. the United States connected the problem of economic development with that of the Palestine refugees generally more closely than was the case in the M.E. (O) C. report.

2. Mr. Rufino said he wished to consider the question of technical assistance to the Middle East under the Point Four program, particularly the impact of the large number of American experts who would be available, both on the British position in the Middle East and on the Middle East countries themselves. Around five million dollars would be available for the Near East under the Point Four program and this represented a very large number of experts. The availability of technicians would, in all probability, be the limiting factor, not funds available. There was the possibility that in exceptional cases Point Four funds might be available to pay the salaries of suitably qualified local technicians. Nevertheless, the number of American experts might be very considerable in comparison with the eight or nine experts at present employed by the B.M.E.O. The problem of coordinating the British and American efforts in the technical field was clearly important.

3. Mr. Knight said that he warmly welcomed any effort which the United States Government felt it could make in the technical field in the Middle East. On this subject, the United Kingdom Government had absolutely no reservations. He pointed out, however, that a great deal of survey work had already been done in the Middle East and that what was generally required was not fresh surveys and "winter visitors" but the selection and execution of projects which had already been worked out. This did not, of course, mean that no survey work was required - Mr. Knight referred in particular to the need for water surveys in Cyrenaica and Tripolitania. In general, however, the need was for the early execution of projects. He also pointed out that there was a great need

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for education, particularly in the technical field, which many competent observers thought was the ultimate key to the problem. As regards the coordination of the British and American effort, Mr. Wright said that he had given thought to the possibility of a joint Anglo-American Middle East Office to replace the existing B.M.E.O. There was, however, the danger that such an effort would incur the charge of Anglo-American imperialism and it might be preferable to leave the British Middle East Office as it was, provided links could be created to prevent overlapping between British and American technicians. Alternatively, the Americans might establish an American Middle East Office parallel to the B.M.E.O. but here too there was an inevitable risk of duplication.

4. Mr. Jebb said that such arrangements might be neat and tidy from the organizational point of view but there was the danger that the Middle East Governments would consider them as an attempt to develop the Middle East from the West and they would consequently resent it. In the diplomatic and political field the United States had no coordinating mission in the Middle East. Coordination was effected in Washington and Mr. McGhee thought that in the field of technical assistance the coordination of American effort throughout the area might best be effected in Washington. This was the case as regards South American and effort there was coordinated by the Institute of Inter-American Affairs in Washington. He agreed that it might be preferable not to embark on any new organization in the field as the risk of any charge of imperialism would in this case be less and there was also the point that consultations with Middle East capitals were easier from Washington than from any point in the Middle East. Coordination between the British and the Americans could best be achieved in London and Washington.

5. As regards Point Four assistance in the educational field Mr. McGhee said that American experience in Latin America was that assistance on the primary and secondary level was likely to raise political, religious and social difficulties. Technical or vocational training on what was known as "basic education" was on the other hand a field in which the Point Four assistance might play a part. In connection with water surveys for Cyrenaica and Tripolitania, Mr. McGhee said that the Point Four budget had not yet been worked out in detail and that American representatives in the countries concerned and the local governments would need to be consulted. He recognised the need for the execution of projects already surveyed rather than for new surveys but the difficulty was that Point Four legislation as a present proposal only provided

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funds for the salaries of experts and for limited technical equipment.

6. Mr. Wright handed Mr. Mathes as background information to the recommendations contained in the E.E.(O.)C. Interim Report copies of reports on economic and social development in Egypt, Iraq, Syria, Jordan, Lebanon, Saudi Arabia, Aden and ex-Italian colonies. Mr. Wright agreed that the United States should send copies to the American representatives concerned on condition that they should not discuss the reports with the local governments or give any publicity to them in the press.

7. Finally, Mr. Wright said that he had been authorized to discuss with the International Bank the recommendations contained in the interim report, and also a suggestion for the establishment of an International Nile Waters Advisory Board. He inquired whether the State Department would care to send a representative to be present at the talks. Mr. Wright explained that the membership of the International Board would be confined to the principal technical advisers of the governments concerned though it might be attended by a representative of the International Bank as an observer. It was intended that the Board would serve as a link with the International Bank and that it might serve as a pattern for similar organizations in other areas. He explained that it was important in order to avoid any possibility of Nile intervention that Nile waters development should not be dependent on the United Nations. The International Bank was, of course, another matter and the proposed Board might also call on United Nations' technicians under the expanded program of technical assistance. He emphasized the great experience which the Egyptians had in the control and utilization of Nile waters and pointed out that it was important to encourage local responsibility in this field.

8. Mr. Mathes said he thought it would be preferable for the [illegible] with the International Bank to be conducted without American participation but added that he would, of course, welcome any indication Mr. Wright might feel he could give him regarding their outcome.

9. The following general conclusions emerged from discussion:

(i) There was general agreement on the program of economic and social development outlined in the E.E.(O.)C. Interim Report.

(ii) The

SECRET

-4-

(ii) The United Kingdom would welcome any measures which the United States felt it could take in the field of technical assistance.

(iii) The coordination of United States and United Kingdom effort in the field of technical assistance could best be achieved in London and Washington. This matter would be further studied in London and at Conference of United States representative at Istanbul.

(iv) It was recognized that great progress had already been made in surveying the economic resources of the Middle East and that what was most required at the present state was the execution of selected projects.

Approved by Mr. Eddies and Mr. Wright
November 20, 1949

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